

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045-09520
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No. B-10796
7. Lease Name or Unit Agreement Name Gonsales State Com
8. Well Number 1
9. OGRID Number 372171
10. Pool name or Wildcat Basin DK / Blanco MV
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5720 GL

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [] Gas Well [X] Other []
2. Name of Operator HILCORP ENERGY COMPANY
3. Address of Operator 382 ROAD 3100, AZTEC NM 87410
4. Well Location Unit Letter G : 1470 feet from the North line and 1770 feet from the East line
Section 16 Township 30N Range 11W NMPM San Juan County

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPL []
DOWNHOLE COMMINGLE []
CLOSED-LOOP SYSTEM []
OTHER: [X] Production Allocation
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER: []

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

See the attached REVISED Fixed Production Allocation

Spud Date: []

Rig Release Date: []

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Operations/Regulatory Tech Sr. DATE 5/23/2022

Type or print name Amanda Walker E-mail address: mwalker@hilcorp.com PHONE: 346-237-2177
For State Use Only

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE 06/02/2022

Conditions of Approval (if any):

Hilcorp Energy Company

PRODUCTION ALLOCATION FORM

Distribution:
BLM 4 Copies
Regulatory
Accounting
Well File
Revised: March 9, 2006

Status
PRELIMINARY
FINAL
REVISED

Commingle Type
SURFACE DOWNHOLE
Type of Completion
NEW DRILL RECOMPLETION PAYADD COMMINGLE

Date: **5/23/22**
API No. **30-045-09520**
DHC No. **DHC4002AZ**
Lease No. **B-10796**

Well Name
Gonsales State Com

Well No.
1

Unit Letter G	Section 16	Township 030N	Range 011W	Footage 1470' FNL & 1770' FEL	County, State San Juan County, New Mexico
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Completion Date _____ Test Method
HISTORICAL FIELD TEST PROJECTED OTHER

FORMATION	GAS	PERCENT	CONDENSATE	PERCENT
MESAVERDE	155 MCFD	80%		68%
DAKOTA	38 MCFD	20%		32%

JUSTIFICATION OF ALLOCATION: ****REVISED Oil allocation due to miscalculation. Effective Date 5/1/2022. No change to gas allocation.**** Hilcorp Energy Company requests that production for the down hole commingle to be switched to a fixed percentage based allocation. The fixed percentage based allocation is calculated from average production rates from twelve months. Oil allocated based on average formation yields in surrounding area and new fixed allocations.

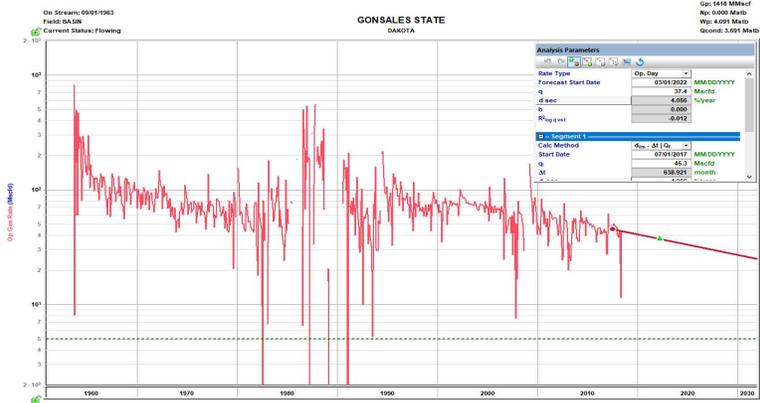
APPROVED BY	DATE	TITLE	PHONE
<i>Amanda Walker</i>			
X Amanda Walker	5/23/22	Operations/Regulatory Tech Sr.	346-237-2177
For Technical Questions:	Justin Nall	Reservoir Engineer – Sr.	346-237.2231

Gonsales State Com 1

The Mesaverde and the Dakota formations have been producing as a commingled well for the past four years under a subtraction allocation method that was applied after the well was recompleted into a new zone. Hilcorp requests that production for the downhole commingled well be switched to a fixed percentage based allocation.

The new fixed percentage based allocation will be calculated from average production rates from the past twelve months.

Date	Gas Production		
	Dakota	Mesaverde	Total
Jan-21	38.6	165.8	204.4
Feb-21	38.5	170.5	209.0
Mar-21	38.4	166.8	205.2
Apr-21	38.3	157.5	195.8
May-21	38.2	158.6	196.8
Jun-21	38.0	162.5	200.5
Jul-21	37.9	154.7	192.6
Aug-21	37.7	152.6	190.3
Sep-21	37.7	145.1	182.8
Oct-21	37.5	149.7	187.2
Nov-21	37.4	130.3	167.7
Dec-21	37.3	146.3	183.6
Averages	38.0	155.0	193.0
% of Total	20%	80%	



Oil will be reallocated based on the average formation yields in surrounding area and new fixed allocations.

Formation	Yield	Oil Allocation
Dakota	3.46 bbl/mmcf	32%
Mesaverde	1.8 bbl/mmcf	68%

